

School of Economics and Finance

ECON307/PUBL303 PUBLIC SECTOR ECONOMICS

Trimester 2, 2016

COURSE OUTLINE

Prescription

The economic analysis of the role of the state, covering market failure and government failure and related policy instruments, with applications in the areas of taxation, social security and education.

Course Learning Objectives

C1: describe the important schools of thought within public economics and the economics of politics

C2: explain and evaluate the current level, form and methods of government involvement in the New Zealand economy

C3: discuss the theoretical reasons for that involvement, and the appropriate design of economic instruments to achieve the objectives of involvement

C4: explain the influences of economic theories on the design of public policy and management reforms in New Zealand and overseas

C5: discuss the extent to which there is a trade-off between equity and efficiency, and the degree of complementarities between efficiency and equity

C6: use the concepts of efficiency and equity in the development of policies for the public sector

C7: explain the strengths and weaknesses of schools of thought within public economics for analysing policies in the public sector

C8: use economic techniques to analyse policies in the public sector

Course Content

Week	Topic	Reading
1	Excise taxes and incidence	§19.1; §20.1
2	Corrective taxes: internalities & externalities	§§5.1, 5.3; §6.3–6.4;
3	Revenue: GST and tax deductions	Chap 18; §20.2

4	Normative foundations; redistributive taxes	§2.3; §9.4; §20.3
5	Superannuation: incentives vs nudges	Chaps 13, 22
6	Contracting out	§9.4
7	Review of regression	Ch. 3
8	Education	Ch. 11
9	Social insurance	Ch. 12, 14
10	Health	Ch. 15-16
11	Welfare programmes	Chap 17
12	Labour taxes	Ch. 21

Trimester Dates

Teaching Period: Monday 11th July – Friday 14th October

Study Period: Monday 17th October – Thursday 20th October

Examination Period: Friday 21st October – Saturday 12th November (inclusive)

Withdrawal from Course

1. Your fees will be refunded if you withdraw from this course on or before Friday 22nd July 2016.
2. The standard last date for withdrawal from this course is Friday 23rd September 2016. After this date, students forced to withdraw by circumstances beyond their control must apply for permission on an ‘*Application for Associate Dean’s Permission to Withdraw Late*’ including supporting documentation. The application form is available from either of the Faculty’s Student Customer Service Desks or [online](#).

Names and Contact Details

Coordinator, lectures in second 6 weeks

Yu-Wei Luke Chu luke.chu@vuw.ac.nz, RWW 216a, 463-6855

Lectures in first 6 weeks

Paul Calcott paul.calcott@vuw.ac.nz, RWW 113, 463-6585

Administrator:

Alice Fong alice.fong@vuw.ac.nz, RWW 120, 463-5353

Class Times and Room Numbers

Lectures

Monday and Wednesday: **16:40 - 17:30pm** in **RHLT2** (Rutherford House, Pipitea Campus)

Tutorials

Monday:	14:40-15:30am	in RWW312 (Railway West Wing, Pipitea)
Monday:	15:40-16:30pm	in RWW314 (Railway West Wing, Pipitea)
Wednesday:	14:40-15:30am	in RWW312 (Railway West Wing, Pipitea)
Wednesday:	15:40-16:30pm	in RWW312 (Railway West Wing, Pipitea)

There will be eight weeks of tutorials. The list of weeks in which they will be held, and the tutorial discussion questions will be posted in blackboard. While attendance is not compulsory, it is highly recommended. The discussion questions should be valuable background for the exam. This means that it is very important that you are prepared to actively participate in tutorials.

You need to sign up for a tutorial group online: <https://student-sa.victoria.ac.nz/>. Tutorial signup will be available from 10am, 11 July to 5pm, 20 July 5pm. Sign up as early as possible to get your first choice of day/time.

You must attend the tutorial group to which you are assigned. If, because of work or timetable clashes, you are no longer able to attend your allocated tutorial, you must notify the course administrator, to assist you to find a suitable tutorial time.

Course Delivery

24 lectures of 50 min each, plus eight 50 min tutorials.

Readings

The recommended textbook is:

Jonathan Gruber, *Public Finance and Public Policy* 4e, Worth

It should be available at Vic Books and for 3-day loan at the Commerce Library. Lectures will make reasonably frequent reference to material in this book. If you manage to find a copy of the third edition, that should also be adequate. In addition, students will be expected to read and study relevant journal articles for some of the topics. Course documents, announcements, assignment questions and other information will also be available on blackboard: <http://blackboard.vuw.ac.nz>.

Expected Workload

The expected workload is a total of 150 hours for ECON307 and 200 hours for PUBL303. In addition to the lecture and tutorial times, this might include tutorial preparation of 16 hours, reviewing material for the test and exam of 80-110 hours and working on assignments for 20-40 hours.

Assessment

The Assessment Handbook will apply to all VUW courses: see

<http://www.victoria.ac.nz/documents/policy/staff-policy/assessment-handbook.pdf>.

	ECON307	PUBL303		
Assignment 1	15%	10%	3-4 pages	17 Aug.
Essay	--	10%	≈ 2,500 words	7 Sep.
Assignment 2	15%	10%	3-4 pages	3 Oct.
Final Exam	70%	70%	2 hours	21 Oct. –12 Nov.

For the most part, assessment will require you to write coherent explanations and arguments. You may be asked to perform a little algebra, but knowledge of calculus will not be required in any of the assessments. However, we will assume that you can understand indifference curves, and other standard diagrams from introductory microeconomics. On occasion, you may be asked to analyse a

policy question using diagrams. We may also ask you to interpret empirical evidence, but we do not presume that you have knowledge of advanced statistical techniques.

If you cannot complete an assignment or sit a test or examination, refer to www.victoria.ac.nz/home/study/exams-and-assessments/aegrotat

Examinations

Students who enrol in courses with examinations are obliged to attend an examination at the University at any time during the formal examination period. The final examination for this course will be scheduled at some time during the following period:

Friday 21st October – Saturday 12th November (inclusive)

Penalties

Late submission of assignments and essay will not be accepted unless a deadline is explicitly discussed with and approved by the course coordinator or the lecturer.

Use of Turnitin

Student work provided for assessment in this course may be checked for academic integrity by the electronic search engine <http://www.turnitin.com>. Turnitin is an on-line plagiarism prevention tool which compares submitted work with a very large database of existing material. At the discretion of the Head of School, handwritten work may be copy-typed by the School and submitted to Turnitin. A copy of submitted materials will be retained on behalf of the University for detection of future plagiarism, but access to the full text of submissions will not be made available to any other party.

Student feedback

Student feedback on University courses may be found at www.cad.vuw.ac.nz/feedback/feedback_display.php.

Class Representative

A class representative will be elected in the first class, and that person's name and contact details made available to VUWSA, the course coordinator and the class. The class representative provides a communication channel to liaise with the course coordinator on behalf of students.

Communication of Additional Information

Additional information or information on changes will be conveyed to students through the VUW Blackboard website.

Link to general information

For general information about course-related matters, go to <http://www.victoria.ac.nz/vbs/studenthelp/general-course-information>

Note to Students

Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning objectives as required for accreditation and academic audit. The findings may be used to inform changes aimed at improving the quality of VBS programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.
